

LESSON EIGHTEEN

Core Learning Goal: 4

The student will demonstrate an understanding of the historical development and current status of economic principles, institutions, and processes needed to be effective citizens, consumers, and workers.

Expectation: 1

The student will demonstrate an understanding of economic principles, institutions, and processes required to formulate government policy.

Indicator 4.1.3

The student will examine regulatory agencies and their social, economic, and political impact on the country, a region, or on/within a state.

Assessment Limits:

? *Agencies that respond to market failures include:*

Environmental Protection Agency

Food and Drug Administration

Federal Trade Commission

Federal Communications Commission

Federal Aviation Administration

? *Other national agencies and state and local agencies can be used, but information will be provided in the item.*

Overview:

In this lesson students will examine the role of regulatory agencies in response to market failures. Prior to the lesson, have students collect newspaper articles on the work of the five regulatory agencies.

Lesson Objectives:

Students will identify problems with a pure market economy.

Students will explain the roles of selected regulatory agencies.

Materials:

Student Handout: ***Regulatory Agency Worksheet***

Government textbooks

Newspaper articles on regulatory agencies

Useful websites:

www.epa.gov/ Environmental Protection Agency

www.fda.gov/ Food and Drug Administration

www.ftc.gov/ Federal Trade Commission

www.fcc.gov/ Federal Communications Commission

www.faa.gov/ Federal Aviation Administration

Procedures:

1. Ask students to interpret this quote:
“Many Americans have forgotten that we set up regulatory agencies in the first place to protect the public interest. Industries considered vital to the public... were regulated in order to provide the public a steady flow of safe production in a stable environment.”
Victor Kamber, July 1984
2. Have students list problems in a “pure” market economy. Record the list on the board. Prompt students if necessary: what problems did Americans face after the Industrial Revolution, or during the Great Depression?
3. Review the following terms with students:
market economy – an economy where decisions are made by buyers and sellers as they interact for goods/services
market power – the ability of one person or small group to have a significant impact on market prices
market failure – when a market is left on its own and does not allocate resources efficiently
4. Have students form groups, and assign each group one regulatory agency:
Environmental Protection Agency
Food and Drug Administration
Federal Trade Commission
Federal Communications Commission
Federal Aviation Administration
Other agencies can be added. Each group must complete the handout **Regulatory Agency Worksheet** using texts, websites, and newspapers (for current issues).
5. Discuss each group’s findings, and have all students summarize the role of each agency.

Assessment of Indicator:

Have students answer this Brief Constructed Response item:

- ? What is the role of regulatory agencies in the economy?
- ? How effective are they in responding to market failures? Explain.
- ? Include examples and details to support your answer.

Use the Social Studies Rubric to score student responses.

Regulatory Agency Worksheet

Directions:

Locate the following information about your assigned agency. Be prepared to report your findings to the class.

1. Name of Agency: _____
2. When was the agency established?
3. Why was the agency established?
4. What are some of its duties and responsibilities?
5. How does this agency attempt to address market failures?
6. What are some current issues that this agency is attempting to address?